

The Family Glitch Fix and The Rise of Individual Health Insurance Coverage

By Mike Bertaut
Healthcare Economist, Exchange Coordinator
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What's the "Family Glitch?" And Why Did It Need Fixing?

- In 2010 the passage of the Affordable Care Act put new obligations on larger employers, typically ones with 50 employees or more:
 - *One of those obligations was a requirement to offer their employees who worked more than 30 hours/week coverage.*
 - That coverage had to meet both QUALITY and AFFORDABILITY standards.
 - *Once the employer met those standards, he could avoid federal fines that could get quite large.*
- Unfortunately, no affordability standard was established for DEPENDENT or SPOUSE coverage.
- *This meant employers could meet their obligations under the ACA by offering dependent/spouse coverage but putting \$0 money into it.*

How Has It Been Fixed?

- Unfortunately, even the OFFER of unsubsidized, potentially very expensive coverage would freeze the spouse/dependent out of tax credits for individual coverage on healthcare.gov!
- *The IRS has issued a final rule that potentially solves the problem without putting a direct cost on the employer:*
 - *Re-compute affordability using the entire family (tax household) as the basis.*
 - *Allow non-employee family members with premiums above a certain income threshold (9.12% of HH income for 2023) to pass on the employer offer and access advanced premium tax credits to purchase individual coverage on Healthcare.gov.*
 - *Keep the same standards as before for the employer/employee relationship.*
 - **The Determination of Unaffordable Coverage triggers a special enrollment period (newly unaffordable)**
 - **Affordability MUST be computed on the cheapest plan available, even for spouse/dependents.**

National vs Louisiana

- In 2021, the national average annual contribution by employees for Family Coverage was \$5,969. For companies <100 employees the average was \$7,710
- When we go outside of government group or union coverage, We regularly see employee contributions for Family Coverage in our groups here in Louisiana in excess of \$15,000 per year!
- In 2020, the National Average Family deductible was \$3,722. The National Average Max-Out-Of-Pocket for families was \$8,867.
- With the Fix, estimate is 2.3 million new enrollees in the first year. Ultimately over 5 million will enroll in individual coverage.
- Employers will NOT BE CHARGED for the Fix. The Fed will put up the money, increase the deficit by \$5B first year.
- Industries most likely to benefit: Service, Agriculture, Mining/extraction, construction (right up Louisiana's alley!)

10 Worst States For Employer Contributions to Family Coverage (KFF)

STATE	AVERAGE ANNUAL EMPLOYER CONTRIBUTIONS TO FAMILY COVERAGE	TOTAL AVERAGE ANNUAL FAMILY PREMIUMS
ARKANSAS	\$11,837	\$18,339
LOUISIANA	\$12,574	\$19,305
HAWAII	\$12,589	\$18,539
OKLAHOMA	\$12,886	\$20,108
ARIZONA	\$13,026	\$20,117
UTAH	\$13,071	\$19,844
ALABAMA	\$13,293	\$19,539
IDAHO	\$13,473	\$19,788
KANSAS	\$13,568	\$19,237
MISSISSIPPI	\$13,830	\$20,373

Important Considerations!

- If the HH is just employee plus spouse, the employee rate plus the spouse rate are included to test affordability.
- If the HH includes tax dependents, then the “Family” coverage including the employee plus spouse + dependent coverage is tested.
- An employee who receives ANY offer of affordable coverage is still blocked from Tax Credits on Healthcare.gov. This means if both spouses receive coverage offers at their respective jobs, BOTH must be tested for affordability.
- IF an employer offers multiple plans, ONLY the least expensive qualified health plan must be tested for affordability.
- *The IRS has created some ability for willing employers to let employees out of unaffordable coverage and cafeteria plans early to take advantage of an affordable offer on Healthcare.gov. See IRS Bulletin 2022-41 & 2022-43*

Fixing the Family Glitch (10/27/22) x

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Fixing the Family Glitch (10/27/22) 13 / 34 100% +

Scenario #2: Application Completion (Continued)

Premium costs
Below, only enter the amount Alex would pay. Don't include any amount paid by Target.
[Learn more about entering premium amounts.](#)

Coverage for Alex only
How much would Alex pay for the lowest-cost plan just for themselves?

Alex's premium amount
\$ 100

How often?
Weekly

Coverage for Alex, Bailey, & Carly
How much would Alex pay for the lowest-cost plan for themselves and these household members?

Alex's premium amount
\$ 200

How often?
Weekly

Save & continue

Application ID: 159127290

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What should consumers do if they have an offer of

CCIIO is updating this form and it will include family coverage information by 11/1/2022. This form (or a PDF version) will be for consumers to use with their employer offers. Ater 11/1/2022, The form can be found here:

<https://www.healthcare.gov/downloads/employer-coverage-tool.pdf>



Affordability of Employer Coverage for Family Members of Employees: “Fixing the Family Glitch”



CMS Slideshow on Family Glitch

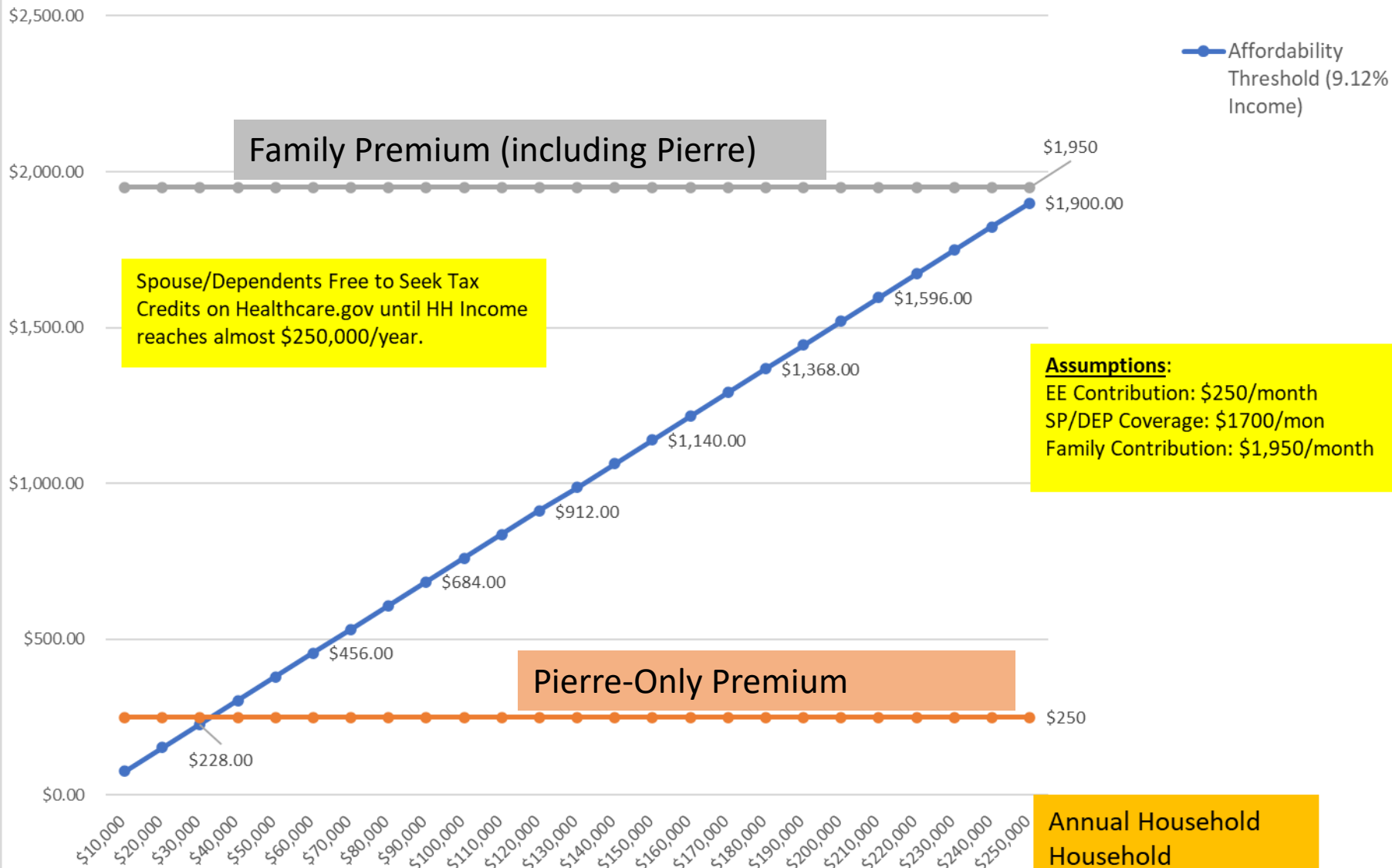
<https://regtap.cms.gov/uploads/library/AB-Slides-FamilyGlitch-102722-5CR-102622.pdf>

Coverage Example for 2023

- Pierre and Eunice have two children, Edgar and Katha
- Both Pierre and Eunice are employed with different employers.
- Pierre's employer offers coverage to Pierre, Eunice, Edgar, and Katha.
- Eunice's employer offers no coverage.
- To evaluate Pierre's eligibility for APTC, we need the premium for the lowest priced employee-only plan.
- To evaluate Eunice, Edgar, and Katha's eligibility for APTC, we need the premium for the lowest cost plan that covers the whole family including Pierre.
- IF we set the Pierre-Only contribution at \$250/month, and the Pierre plus family contribution at \$1,950/month, then we get the following HH graph

Affordability By Monthly HH Income New Family Glitch Fix Actual 5 Life Case #1

Premiums
Per Month

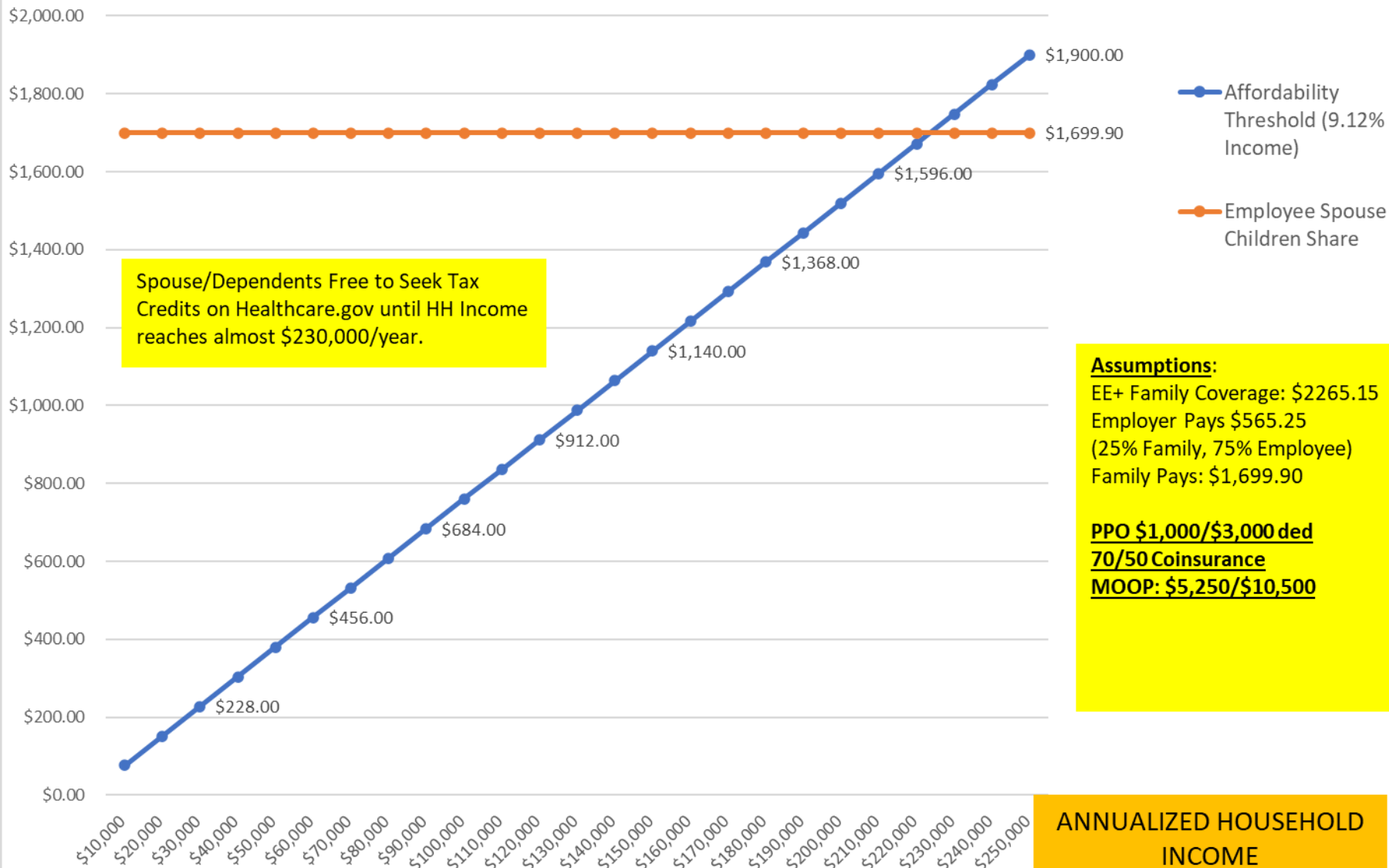


Affordability By Monthly HH Income

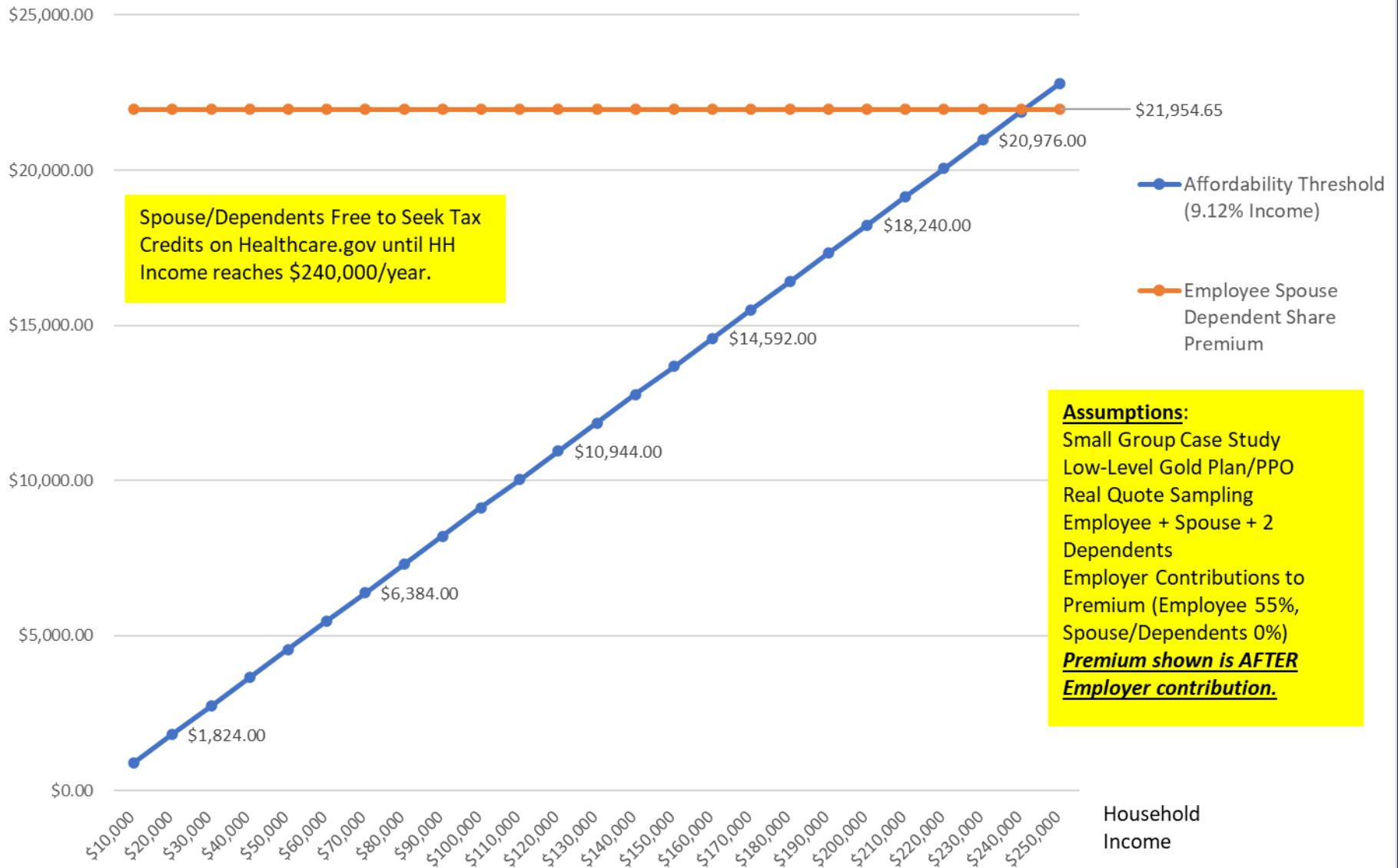
New Family Glitch Fix

Actual 8 Life Case #1

Monthly
Premiums



Affordability By HH Income
New Family Glitch Fix
Case 1 Cluster 2 Small Group










Other Individual Market Drivers for 2023

- The Unwinding of the Public Health Emergency and the potential move of 18 million Americans from Medicaid to private coverage
- The greatly increased Advanced Tax Credits provided on federal and state individual coverage marketplaces by American Rescue Plan Act and the Inflation Reduction Act
- The repair of the Family Glitch and “discovery” special enrollment triggers provided as dependents and spouses discover employer offers fit the new definition of “unaffordable”.
- The increasing unwillingness of employers to fund dependent and spouse coverage at affordable levels.

Standard Plans Core Benefits

Plans in **"Red"** will not be offered by BCBSLA in 2023

Benefit	Bronze (59.86%)	Expanded Bronze (64.18%)	Silver (70.06%)	Gold (78.02%)	Platinum (88.01%)
Deductible 	\$9,100	\$7,500	 \$5,800	\$2,000	 \$0
Max Out of Pocket 	\$9,100	\$9,000	\$8,900	\$8,700	\$3,000
Coinsurance	\$0 After Ded	50/50%	60/40%	75/25%	None
PCP Co-Pay	\$0 After Ded	\$50	\$40	\$30	\$10
Urgent Care Co-Pay	\$0 After Ded	\$75	\$60	\$45	\$15
Specialist Co-Pay	\$0 After Ded	\$100	\$80	\$60	\$20
RX Tier 1 Co-Pay	\$0 After Ded	 \$25	\$20	\$15	\$5
RX Tier 2 Co-Pay	\$0 After Ded	\$50 After Ded	\$40	\$30	\$10
RX Tier 3 Co-Pay	\$0 After Ded	\$100 After Ded	\$80 After Ded	\$60	\$50
RX Tier 4 Co-Pay	\$0 After Ded	\$150 After Ded	\$125 After Ded	 \$100	 \$75

Low Income Silver CSR Standard Plans

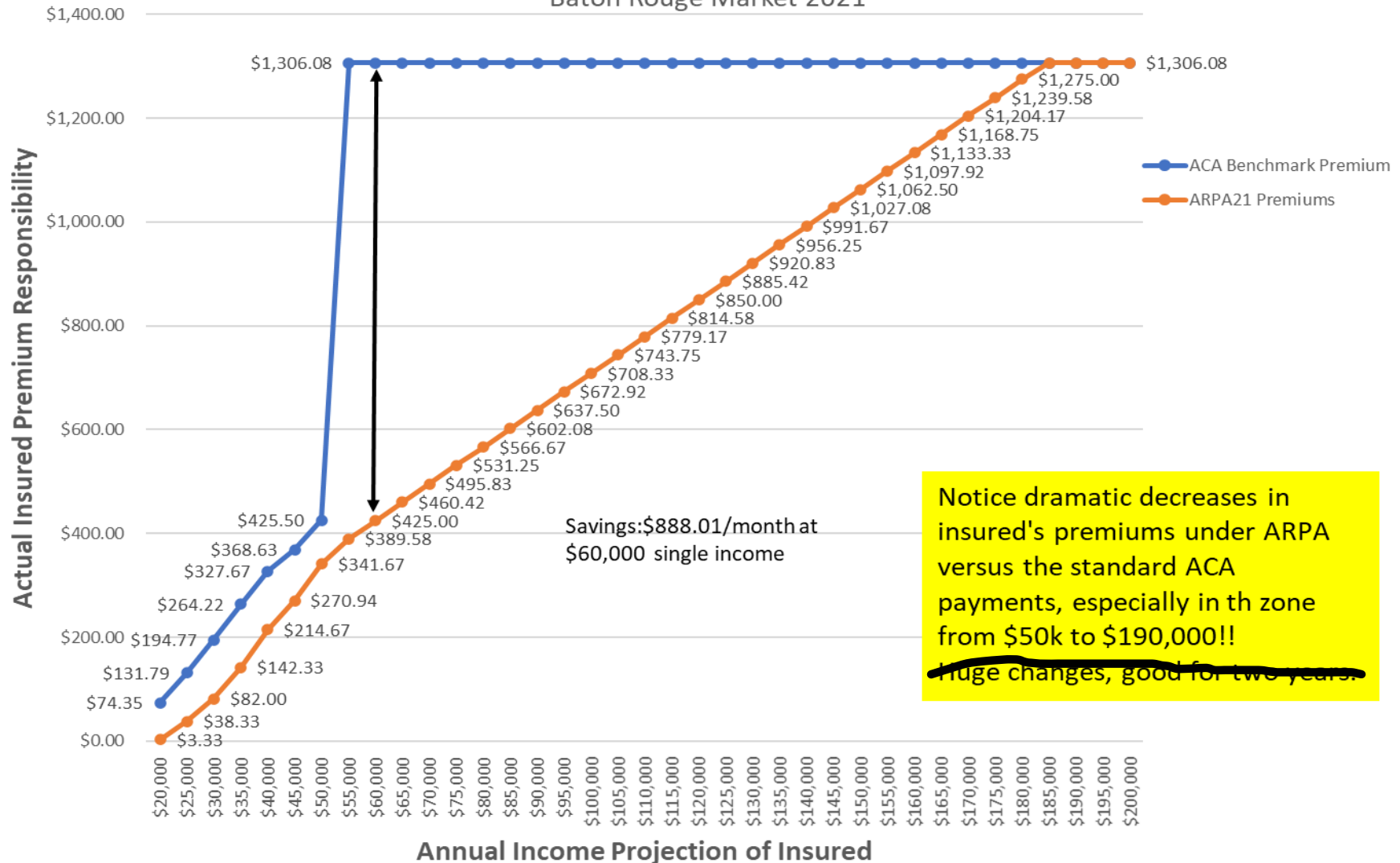
Single Income
Levels for 2023
150% = \$20,385
200% = \$27,180
250% = \$33,975

Benefit	Silver 73 CSR (201 to 250 FPL)	Silver 87 CSR (151 to 200% FPL)	Silver 94 CSR (0 to 150% FPL)
Deductible	\$4,100	\$800	\$0
Max Out of Pocket	\$7,200	\$3,300	\$1,800
Coinsurance	60/40%	70/30%	75/25%
PCP Co-Pay	\$40	\$20	\$0
Urgent Care Co-Pay	\$60	\$30	\$5
Specialist Co-Pay	\$80	\$40	\$10
RX Tier 1 Co-Pay	\$20	\$10	\$0
RX Tier 2 Co-Pay	\$40	\$20	\$5
RX Tier 3 Co-Pay	\$80	\$60	\$10
RX Tier 4 Co-Pay	\$125	\$100	\$20



More Powerful ATC Structure, 64-Year-Old

Actual Premiums Paid
64 Year Old Insured
Benchmark Silver Plan
Baton Rouge Market 2021



Michael Bertaut,
Healthcare Economist
*Blue Cross and Blue Shield of
Louisiana*

225-573-2092

Michael.Bertaut@bcbsla.com

“Mike Bertaut” on Linked-In

@mikebertaut on Twitter

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That's a Lot of Spouses and Dependents!

